Governor's Arizona State Veteran Home Review Team

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April 26, 2007

The Honorable Janet Napolitano, Governor
Office of the Governor
1700 W. Washington St.
Phoenix, AZ 85007

Dear Governor Napolitano:

On March 26, 2007, you requested that we perform a review of the Arizona State Veteran Home (ASVH) in the wake of recent state and federal surveys that raised questions about the home's performance. This letter transmits our findings regarding the home.

As requested in your charge to us, we have examined the management and leadership issues that may have impacted the performance of the home. However, this letter goes beyond this charge. We believe recent events at the home create an opportunity to make the ASVH the very best nursing home in Arizona and the best veteran home in the nation. Clearly, this should be our goal. We start from this point because we believe this goal can be achieved with your support and leadership, and with the support of the Legislature. We also believe that problems at the home raise broader policy questions regarding long term care and the state's role in running programs of this type. Therefore, our report is divided into three major sections focusing on: (1) what it will take to create a best in class, model state veteran home, (2) management problems that existed prior to March 2007 that may have contributed to the recent survey findings, and (3) the broader policy issues related to long term care and the state's role in running facilities of this type. Finally, we offer recommendations addressing all three areas.

It should be noted that during our review, the home's new management team was taking numerous, contemporaneous corrective actions to improve operations of the facility. Therefore, our snapshot look at the home, while true at the time, does not necessarily reflect all of the daily changes and improvements that have taken place, and will continue to take place, since we initiated our review 30 days ago.

Our review entailed on-site observations at the home, interviews with current and former staff and management personnel both in the Arizona Department of Veterans' Services and working at the ASVH, a review of the home's financial status and position, and an examination of relevant documents related to staffing and administration of the facility. We also discussed the recent survey with the ADHS team that conducted the review, and we talked to other long term care experts with experience and insights that were helpful to our examination.

Background on ASVH

The ASVH is a licensed skilled nursing facility operated by the Department of Veterans' Services. Its 200 beds are divided into four 50-bed units, including one sub acute unit and one Alzheimer's unit. The home provides a comprehensive program of nursing and ancillary care 24 hours per day, seven days per week. Constructed in 1995 and located in central Phoenix, it is an attractive and well maintained facility. Approximately 225 staff work at the home.

The home is self-sufficient and depends solely on fees collected to support its operations. It receives no General Fund appropriation. A.R.S. Section 41-608.01 establishes the State Veteran Home Trust Fund for the sole purpose of operating the home. Fees collected from the Veterans Administration, Medicare, AHCCCS Long Term Care contractors, and private pay residents are deposited in the Trust Fund, and are subject to annual appropriation by the Legislature. This annual appropriation process establishes the home's expenditure authority. In FY 2007, the home's expenditure authority totaled nearly $13.3 million.

I. Creating a Model, Best in Class State Veteran Home

Facility Strengths - Despite problems recently experienced at the facility, we believe the Arizona State Veteran Home can and should be best in class and a national model of excellence. We cite the following advantages and strengths of the facility:

- It is not a chronic problem facility. In fact, the facility was assigned an "A" quality rating in 2003 by the Department of Health Services (ADHS), and enjoyed a "B" rating in early 2006. ADHS surveyors told us that, in prior years, they brought new survey staff to the home for training because the home was so cooperative and well run.

- The physical plant is relatively new and it is architecturally stunning. As we note earlier, the interior of the building is attractive and well decorated. It is a pleasant physical environment both to live and to visit.

- The home enjoys strong support from the Veterans community and resident families. Veterans and families have made significant contributions to the home. There is no reason to believe that this support for the home will wane.

- Many of the fine staff who work at the home are there because of a strong commitment to its unique mission to serve our veterans. They will continue to provide their valued service.

- A new management team has been installed that is outstanding. This includes the new interim Nursing Home Administrator and the Director of Nursing. They are supported by able consultants with solid long term care experience and department management, led by its new interim Director. They are working hard to address all of the issues raised by the recent ADHS survey. This team can turn the facility around and make it best in class.

Challenges Ahead – Building on the strengths and advantages enjoyed by the facility, some additional steps need to be taken to create the national model that we envision:

- More robust and enduring solutions are needed to fix the management problems that we and the new management team at the facility have identified. Many of these problems are being addressed by short term measures (such as use of registry personnel). However, resources and new systems and procedures will be needed to ensure that staffing and other improvements are expanded and sustained over the long term.

- A General Fund appropriation is needed to support the home. The home has been self sufficient, but cannot maintain the quality of its program and its physical plant given its current revenue stream. It has little control over VA, Medicare, and ALTCS rates. That leaves private pay residents and their families to bear the burden of increased costs under the current fee based funding arrangement. With its Trust Fund balance declining (from over $1.6 million in FY 2004 to under $400,000 today), the home will need additional funds. To our knowledge, most other veteran homes operated by other states receive at least some General Fund appropriations to support their operations. ASVH management has assessed its needs and presented a budget request to OSPB. We concur with their analysis.

- A culture of caring needs to be nurtured and sustained throughout the home. In the end, it all comes down to how we treat our veterans and their families. ASVH has demonstrated many times in the past that it can provide the highest levels of care to its residents. This care is characterized by its personal nature, genuineness, compassion, team work, and timely response to even minor problems. We will know that ASVH is best in class when this culture takes root and thrives, not because it is imposed from above, but because it is embraced, as a personal choice, by every member of the care team.

II. Management and Leadership Problems

As a part of our review, we were asked to examine management and leadership issues relating to the operations of the home. Good management and leadership is important to the success of any organization, including long term care facilities. Management is a complex and dynamic process that entails numerous activities, tasks, and functions. Key management activities, for example, include planning, organizing, staffing, directing, controlling, monitoring, and communicating within the organization.

Our limited review of management of the home identified breakdowns, lapses, and deficiencies in several areas prior to March 2007. The following is a summary of these deficiencies:

Staffing – The facility has been chronically understaffed for at least the past year. Units did not have sufficient nursing staff to maintain care, keep up the necessary paperwork, and meet

documentation requirements.[1] During our review, management was taking steps to address the staffing shortage by, for example, using more registry personnel and assigning management and other staff to work on units.

- Two nurses (LPNs) described their frequent experiences having to distribute medications, handle paperwork (charting), provide nursing care, process physician orders, and perform other tasks with no other nurse (RN or LPN) available to assist. One of the nurses recalled distributing medications on two units because of shortages on the other unit. When she returned to her assigned unit at the end of her shift, there was no nurse available for the next shift to relieve her. Numerous staff described similar experiences working on units that did not have adequate numbers of staff.[2]

- During our review, we performed an analysis of staffing available to the units. Working with the new staffing coordinator and director of nursing, we learned that approximately 105 staff would be needed to cover each unit for all three shifts. However, on the day our analysis was performed, the home was 26 positions shy of its estimated staffing need. In addition, 9 positions were not available because they were on industrial leave, administrative leave, or were absent. Thus, the facility was short a total of 35 (33 percent) of its estimated staffing need for the day.

- Chronic attendance problems, absenteeism, and the inability in the past to use registry nursing staff to fill shortfalls in staffing have further aggravated the home's chronic staff shortages.[3]

- Recruiting and hiring of nursing staff has not kept pace with the need. In 2005 and 2006, for example, a total of 99 nursing staff left the home and 83 staff were hired, creating a net loss of 16 positions. Recruiting and hiring nursing staff is challenging because state salaries, especially for RNs, are low.[4] In addition, many staff complained that the ASVH hiring process has sometimes taken too long (up to six weeks or more), resulting in the loss of potential candidates.

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[1] Nursing staff consists of Registered Nurses (RNs), Licensed Practical Nurses (LPNs), and Certified Nursing Assistants (CNAs). CNAs and LPNs make up the core staffing on each unit, with an LPN normally in charge of the unit on each shift. The RNs float among units and provide overall supervision.

[2] See The Wall Street Journal, Special Health Report, Tuesday, April 24, 2007, *Care and Chaos on the Night Nursing Shift*, for a staff perspective on the challenges and complexities of working with chronically ill and disabled patients.

[3] Also contributing to strains on staff and the ability to provide high quality resident care was the increase in the resident census in 2006. The average monthly population of residents increased from 179 in December 2005 to nearly 196 residents in June 2006. The resident population remained above 190 until February 2007, two months ago. During the population growth in 2006, no additional staff positions were available and constraints on use of registry nurses continued in effect.

[4] Low pay is not a unique problem to the ASVH. According to experts, it is a problem throughout the long term care industry.

Planning and Organizing – A staffing plan and staffing model for the nursing units and an organizational chart for the facility were never developed. The facility had not formally documented and determined its true staffing needs, nor did it identify how the home was organized to accomplish its mission.

- Most organizations maintain an organizational chart that identifies the location of each staff position, shows supervisory spans of control and reporting relationships, and establishes accountability and responsibility for functions critical to the mission of the organization. This is an important planning function. ASVH has not maintained an organizational chart, although it has recently moved forward to develop one.

- Unit staff were not organized effectively to ensure adequate supervision and accountability. It was not clear who was responsible for supervising the care staff working on each unit. LPNs on each shift were informally responsible for supervision, but their supervisory responsibilities are not formally established and they had not received supervisory training. During our review, there were only two nurse supervisors (RNs) on staff to provide first-line supervision over all of the LPNs and CNAs in the four units. Spans of control for the nurse supervisors are excessive and unreasonable.[5]

- Unit manager positions that existed prior to about 2001 were eliminated. Many staff told us that the unit managers helped establish accountability at the unit level. When they were eliminated, this left a void in supervision and oversight.

- There has been little or no succession planning within the organization. When critical managerial or technical positions were vacated, some (e.g., the care plan coordinator, staff developer, and QA compliance officer) remained vacant for several months, and others were filled by candidates who were either ill prepared or poorly qualified.[6] In 2006, for example, the home had a Director of Nursing who lacked long term care experience, and a staffing coordinator (a critical position responsible for day to day shift staffing) who had no medical facility staffing experience. Both incumbents have left these positions and qualified personnel are now performing these functions.

Directing and Monitoring – ASVH operations have not been effectively directed, controlled, and monitored. Responsibility and authority for decision making was not clearly defined and effectively exercised, and monitoring of critical indicators of performance was either not done or not acted on by upper management.

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[5]The facility has had difficulty completing annual employee evaluations on time. LPN shift supervisors are not responsible for this function, and the two nursing supervisors have too many staff to evaluate.

[6] Between June and September, 2006, four managerial positions important to clinical care turned over at the Home. The Director of Nursing, MDS (Care Plan) Coordinator, QA Compliance Coordinator, and Staff Developer all left the facility. Some knowledgeable insiders believe that the loss of these experienced and capable managers resulted in a decline in the facility's ability to prepare for its annual survey. These managers were widely credited with having successfully prepared the facility for prior surveys.

- ASVH administrators, the chief operating officers over the facility, did not have full authority to run the home.[7] Recent administrators did not have authority to make important hiring and staffing decisions that were within their scope of responsibilities, to discipline staff, to hire registry nurses to cover shortages, and to directly oversee some care related departments such as housekeeping (which includes laundry), engineering, and the kitchen (dietary). Administrators were restricted by decisions of the Department Director and the unresponsiveness of the Human Resources (HR) Office. Given high turnover in nursing staff and the instability in managerial positions noted above, these restrictions and lack of responsiveness became an impairment to addressing the home's chronic staffing shortages and other problems.

- Chronic attendance, absenteeism, and other performance problems were not addressed, in part, because the HR office did not provide facility managers with sufficient policy, employee relations training, and support.[8] Facility administrators did not manage or control the human resources function, and they were unable to get the help they felt they needed to take disciplinary action.

- The former director of nursing was not able to provide competent direction and supervision to staff because he lacked experience in the field. One surveyor told us the former director of nursing was unable to answer questions during the survey that most facility nursing directors would be expected to answer.

- Management reporting was lacking. Upper management needs a system of on going and regular reporting of key performance indicators in order to monitor and assess how well the organization is accomplishing its mission. Such reports can be done on a weekly, monthly, or quarterly basis, and they are useful for tracking and trending organizational performance over time. ASVH had no formal management reports on staffing levels, recruiting and hiring, care plan status, and other critical metrics. If such reports had been available, red flags may have been raised and corrective actions could have been taken to address problems in the facility.

Communicating - Good communications up and down the organizational hierarchy and across units is important to the operational success of every organization. ASVH has experienced significant communications breakdowns that resulted in problems not being addressed.

[7] From December 2004 through February 2007, ASVH had four different nursing home administrators. Administrators of skilled nursing facilities are licensed by the State Board of Examiners of Nursing Care Institution Administrators and Assisted Living Facility Managers.

[8] The new staffing coordinator, under the supervision of the Director of Nursing, recently took the initiative to develop forms and a system of progressive discipline to address chronic absenteeism and tardiness. An estimated 15 employees exhibit one or both of these performance problems.

- Upper management was informed about staffing problems but did not take sufficient actions to address them.

- Expectations regarding attendance and performance standards were either not clearly communicated or were not enforced by supervisors.

- According to two long time employees, some middle managers did not have sufficient interactions with line staff and lost touch with unit conditions.

- Over a period of several years, a culture of team work and open communication among staff working with residents was apparently not maintained and was replaced by a more "compartmentalized" approach which enforced "chain of command" reporting. Unfortunately, some problems reported up the command chain were not addressed timely, if at all.

- Concerns about cronyism, nepotism, and favoritism in hiring and employment were communicated by line staff to managers and to the facility administrator. Because they were never adequately addressed, these concerns undermined morale, team work, and perhaps staff commitment to the goals and mission of the facility.[9]

III. Policy Issues Raised by Our Recent Experiences with the ASVH

State role running direct care facilities – Arizona manages several direct care facilities including the Pioneer Home, the Arizona State Hospital, Correctional Health Care, the DES DD Home, and the ASVH. Each of these organizations has unique responsibilities, budget requirements, staffing issues and management structures. What they have in common are difficulties functioning in an increasingly complex and expensive 21st Century health and social service environment. We recommend that a special task group of experts and advocates for these unique organizations be formed to make suggestions as to their future organizational structure, mission, and location in Arizona government. It is possible that there will be enough commonality of mission and requirements to recommend consolidation of these entities under a direct care organization. Issues of common concern include, but are not restricted to, the development of computerized health records, purchase of pharmaceuticals, and contractual relations with the broader health and social service community.

Long term care policy issues – The long term care industry is changing as it prepares for the coming of the Baby Boomer population. It is moving toward models of person-centered care and away from institutional warehouses. AARP has issued a number of reports on the subject and the vision described in a March, 2007 document says that "all Americans with long term care needs will live life to the fullest as they age."[10] This culture change has been championed by Dr.

[9] Our review did not address allegations of nepotism. These allegations were referred to the Attorney General for investigation.
[10] See AARP *Menu of State Long-Term Care Reforms,* March 2007.

William Thomas in his book, "What are Old People For?"[11] He writes passionately about the future of care for our elderly and disabled in the least restrictive and most compassionate settings. We should do no less than that at the ASVH.

Recommendations

Based on our review, we offer the following recommendations:

1. The ASVH should request assistance from experts in long term care facility management to help address the management problems that exist at the home. These experts should assist with the following tasks:

    - Development of an organizational and staffing plan for the facility.
    - Assessment of the process for recruiting and hiring nursing staff and development of a plan to overcome barriers to employment, such as low pay.
    - Review of supervisory spans of control and development of a model for unit management.
    - Development of management reports that will provide timely and useful summary information on key performance indicators.
    - Development of a plan to improve communications throughout the organization, and a plan to recapture and nurture a culture that promotes committed and compassionate resident care.

2. The Legislature should appropriate General Fund monies to support the home. The home will need additional funding for both capital improvements and operational requirements in FY '08, and in succeeding years, to develop management systems and eliminate chronic staff shortages.

3. The ASVH should become an active member of the long term care community. This means joining and becoming involved with one or both of the LTC professional organizations in Arizona. This will give access to new initiatives such as "Advancing Excellence in America's Nursing Homes" and training programs aimed at providing excellent care to residents.

4. Last month, the U.S. Government Accountability Office (GAO) released its latest review of quality and oversight of the LTC industry (GAO-07-241). This report highlights the complexity of taking care of our most vulnerable citizens and will add to the literature on the subject. The leadership of the ASVH should analyze this report and other key documents in the field in their on-going efforts to make the ASVH a model for Arizona and the nation.

5. The common perception is that the ASVH is primarily a facility to care for aged veterans and there is much truth to that perception. We suggest that some thought be given in their planning process about the future needs of the significant number of severely injured service

[11] William H. Thomas, M.D., What are Old People For? Acton, Massachusetts: VanderWyk & Burnham, 2004. His book was recently the subject of an editorial in the Arizona Republic entitled *Regulating Reality for the Golden Years*.

members returning from Iraq and Afghanistan who will need LTC services quite different from those services now being provided. One option may be that the new Tucson State Veteran Home become a center of excellence for treating brain injured veterans. In addition, planning should begin to develop a third home in Prescott, adjacent to the Veterans Administration Hospital, to meet the growing needs of our veterans in Arizona.

6. Throughout this report we have commented on the critical problems caused by instability and turnover in senior management at the ASVH. During the past month, interim leadership at the Agency and at the ASVH have brought a level of management to the facility that makes us confident that the future is bright for the home and for its residents. We recommend that the new team be encouraged to become permanent staff in order to fully implement the management changes they have begun.

7. In 1984, AHCCCS was a program in turmoil. When it was spun off from ADHS and became a separate agency, it was given special exemptions for a period of years from the state personnel and procurement rules. We recommend that consideration be given to providing the ASVH similar exemptions during this turn-around period of time.

Thank you for the opportunity to conduct this review. Please contact us if we can provide any further information or clarification.

Sincerely,

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Leonard Kirschner, M.D., M.P.H.	Peter N. Francis, Ph.D.